



PSC NEWS

Missouri Public Service Commission

Contact: Kevin Kelly

Phone: (573) 751-9300

Governor Office Building, Suite 900

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PSC DISMISSES MISSOURI-AMERICAN PURCHASE APPLICATION THAT DOES NOT INCLUDE ALL OSAGE WATER COMPANY ASSETS

JEFFERSON CITY---The Missouri Public Service Commission is not willing to approve any sale transaction that does not include all of Osage Water Company's assets. As a result, the Commission dismissed a plan by Missouri-American Water Company to purchase the assets of Environmental Utilities, L.L.C. and some, but not all, of the assets of the Osage Water Company. The application did not include the sale of Osage Water's Cedar Glen sewer system.

"The transaction proposed by the applicants would require Osage Water to continue to provide sewer service to Cedar Glen until a buyer could be found to purchase and operate that system. That result is not acceptable because Osage Water is unable to safely and effectively operate its current system to the extent that the Commission has filed a petition in the Circuit Court of Camden County to have a receiver appointed to take charge of that company and its water and sewer systems," the Commission said.

"Any transaction that would sell off only a portion of Osage Water's sewer system would leave that distressed company to attempt to operate a remnant of its system with dire implications for the service that it would be able to provide to its remaining customers. Such a result cannot be in the public interest," said the Commission.

The Commission will continue to pursue receivership of Osage Water Company in Camden County Circuit Court. Parties are scheduled to appear before the judge on October 7, 2005.

Background: Missouri-American Water Company, Osage Water Company and Environmental Utilities, L.L.C. filed an application with the Public Service Commission seeking Commission approval of Missouri-American's plan to purchase all of the assets of Environmental Utilities, L.L.C. and some, but not all, of the assets of the Osage Water Company. The proposed sale did not include Osage Water's Cedar Glen sewer system.

After hearings before the Commission, the Commission issued an order in January, indicating that it was unwilling to consider the transaction as long as the transaction did not include the sale of all of the assets of Osage Water Company. At that time, the Commission asked the applicants to modify their proposal to include Cedar Glen.

On March 9, Missouri-American indicated to the Commission that it was not willing to purchase the Cedar Glen sewer system and would not modify its application. On May 2, the PSC Staff filed a motion seeking to have the case dismissed.